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MEMORANDUM

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FYI

Movie Studios Set the Stage for Incompatibility

Why All Video Discs Won't Work in All Players

By John Burgess Washington Post Staff Writer Monday, June 16, 1997;
Page F17 The Washington Post

Punny thing about new technology: Now matter what heights it could soar to in an ideal world, in the world we inhabit it can be pulled back toward the ground by concerns of economics and the status quo.

Look now at a little-known feature of DVD (Digital Versatile Disc), the new video format that has appeared in stores. DVD, which puts a full-length movie on a five-inch disc, is intended to eventually replace the videocassette. And DVD also has applications for music and computing.

You may have read that the global electronics industry, following long and painful negotiations, agreed on a single technical standard for the discs to save consumers from a repeat of the bruising battle between the VHS and Beta tapes a decade ago.

But if you think that means that all DVD discs work in all DVD players, you're wrong.

That's because the industry is deliberately building in a kind of incompatibility between six global zones that it has designated, superpower style.

Here's how it works: Pre-recorded DVD discs contain special codes to identify the zones in which they are to be sold. For example, a copy of the movie "Twister" intended for buyers in the United States or Canada would leave the factory with an invisible code identifying those two sales markets.

Under an arrangement that the Hollywood film studios strong-armed onto hardware makers, each DVD player must have a chip that searches for the codes. A player sold in the United States or Canada will play only discs that bear a code that applies to those two countries. If you pop in a disc released for Japan, which will have another code, it won't play.

So why do this? The answer is that Hollywood wants to protect a complex system by which it releases home versions of movies in

FOX 00407

Film studios typically market VCR releases of films first in the United States and then in Europe before moving on to other overseas markets. Studios say there are multiple reasons for the practice.

With limited capacity for cassette duplication, studios want to meet demand fully in one market before moving on to the next. Otherwise, a simultaneous release could mean shortages in all markets, which would anger customers. Video releases in some countries also are seasonal, depending on winter or summer.

World demand for the latest American movies being what it is, you might ask how this system could possibly work. Wouldn't there be big money for entrepreneurs to make buying up thousands of copies of, say, "The Lost World" on its day of video release here, then flying them to foreign countries for sale at a premium before the official release there?

As it turns out, idiosyncrasies of the world's three TV standards generally block such trade. That's because VCRs are built to one TV standard or another. A videotape that plays, for example, in the United States on VCRs built to the standard used here won't work in England, where VCRs and TV sets use another standard.

A truly globally compatible DVD, however, would put the whole system at risk because one disc would play on any machine. Thus, the code system was invented to make it impractical to move a disc from its home zone.

The new technology actually increases Hollywood's ability to orchestrate the release sequence of movies. Instead of three zones corresponding to the different TV technologies, the world now is divided into six.

The United States and Canada are one, Southeast Asia is another. China gets a zone all its own. Other zones are Australia, New Zealand and Latin America; Western Europe, Japan and South Africa; the rest of Africa, Russia, India and Eastern Europe.

DVD discs also store their movies in scrambled form, in an attempt to foil the casual home copier of movies. Industry officials said the six-zone world will give Hollywood further protection against piracy, though that's not the prime objective.

The studios hope the codes will make life a little harder for the big-time commercial pirates. Even if they can figure out how to produce digital bit-for-bit clones of the discs, they'll still have to make six versions for worldwide distribution. Any business, legitimate or not, becomes less attractive to operate if it has to make multiple versions of a product or settle for a smaller market area.

It's a fine line that producers of any product based on "intellectual property" walk, whether it's computer software, films, or books.

On the one hand, they want each customer to have warm fuzzy feelings about them and their products. On the other hand, they in essence treat each buyer as a potential miscreant bent on ruining their marketing plan or making a million illegal copies.

Often these steps leave legitimate customers feeling aggrieved. For instance, features that limit how many copies of computer software can be made often have infuriated customers who simply wanted to make a

FOX 00408

In the same way, you can imagine some DVD buyers feeling burned over the zone system. For one thing, they may not know that their new possessions aren't globally portable. You can imagine an American buying a costly disc during a vacation in Europe, bringing it home and finding that it doesn't work. (No doubt a few Americans have had this experience buying European videocassettes.)

If consumer pressure ever gets strong, or the sequential distribution system falls out of favor, film companies could opt to abandon the system by engineering their discs to work on all the world's players. So far, they're not.

In other words, we're getting machines that in technology terms are deliberately less than what they could be. But that's the world we live in. If companies are going to give us advances such as DVD, we're expected to live with a few compromises.

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